2013-2014

Annual Report

Health PEI

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Strategy & Performance

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A Joint Message from Health PEI's Board Chair and CEO

On behalf of the Board of Directors, staff and physicians of Health PEI, we are pleased to present to the Minister of Health and Wellness and the people of Prince Edward Island the 2013-14 Annual Report for Health PEI. This year's annual report is the first document outlining the actions we have taken to achieve the direction set out in Health PEI's 2013-16 Strategic Plan. The 2013-14 Annual Report provides clear examples of the progress our programs and services have made toward Health PEI's strategic goals of Quality, Access and Efficiency.

We are very pleased with Health PEI's accomplishments during the past year and are proud to serve as leaders within this organization. Notable achievements include the introduction of an evidence-based prevention and early intervention youth addiction program, continued program development and expansion in our primary health care programs to improve timely access to patient-focused care, and continued focus on quality improvement with 24 projects across the system to improve patient safety and access to appropriate care in the right place. We would also like to highlight the implementation of the provincial Computerized Provider Order Entry (CPOE) which allows health care providers to input clinical orders electronically, thereby reducing the chance of error. To date, our CPOE initiative has received three national awards.

As we remain committed to our strategic direction, our 2014-15 Business Plan identifies new priority actions. We look forward to continuing to work with staff, physicians and in partnership with all Islanders in the year ahead as we continue to improve our health care system for the benefit of all Islanders.

Respectfully Submitted,

Phyllis Horne

Phyllis Horne
Health PEI - Board Chair

Dr. Richard Wedge
Health PEI - Chief Executive Officer

Mission, Values, Vision, and Goals

Mission

Our mission statement describes the purpose of Health PEI and reflects the broad functions of the organization as defined in the Health Services Act.

Working in partnership with Islanders to support and promote health through the delivery of safe and quality health care.

Values

Core values are integral to our activities and relationships as health care professionals and providers at Health PEI.

Caring:
We treat everyone with compassion, respect, fairness, and dignity.

Integrity:
We collaborate in an environment of trust, communicate with openness and honesty, and are accountable through responsible decision-making.

Excellence:
We pursue continuous quality improvement through innovation, integration, and the adoption of evidence-based practices.

Vision

Our vision statement guides current and future actions and practices of the organization.

One Island health system supporting improved health for Islanders.

Goals

The goals identify our major areas of focus. The future actions of the organization will stem from the following goal statements:

Quality:
We will provide safe, quality, and person-centered care and services.

Access:
We will provide access to appropriate care by the right provider in the right setting.

Efficiency:
We will optimize resources and processes to sustain a viable health care system.

2013 – 2014 In Brief

This section highlights key accomplishments during the 2013-14 fiscal year in support of Health PEI's three goals of Quality, Access and Efficiency as set out in our 2013-16 Strategic Plan.

Quality

Accreditation

In 2013, Health PEI received national accreditation status from Accreditation Canada. This confirms that the programs and services provided in Health PEI facilities are meeting national standards of quality. This award is considered to be in effect until the next survey visit, which is scheduled for October 2017. There will also be focused site visits taking place in 2015. Health PEI released the full Accreditation Report to the public in December 2013[1].

Collaborative Model of Care

The Collaborative Model of Care (CMoC) entered Phase IV of the five phase initiative in 2013-14. The foundation of this multi-year strategic initiative is based on leading practices and reviews of evidence-based literature to ensure that there are appropriate staffing levels based on patient needs. The new model maintains an appropriate mix of health professionals resulting in better patient care and improved health outcomes. The sites scheduled for implementation in Phase IV included: Hillsborough Hospital, Queen Elizabeth Hospital units 1, 2, and 9, Prince County Hospital in-patient mental health unit, Western Hospital, and the inpatient withdrawal management unit at the Provincial Addictions Treatment Facility. All of these sites have received approval for their updated staffing models and are in various stages of implementation. The CMoC initiative will enter the fifth and final Phase in 2014-15.

Prevention and Management of Chronic Disease

According to the *Chief Public Health Officer's Report and Health Trends 2014, Keep Moving on Life's Journey*[2], Islanders are more likely to suffer from "any chronic condition" (arthritis, asthma, heart and stroke, diabetes, or cancer) than other Canadians. To adapt to the increasing demand for primary care services and to meet the changing health care needs of the Island population, Health PEI continued to move forward with multiple initiatives aimed to better support Islanders living with chronic conditions. The following examples highlight some of these initiatives:

- Interventions for patients with high blood pressure or hypertension were implemented across PEI last year. Clinics and educational sessions were offered to people living with or at risk of hypertension to track their health status and progress (e.g. blood pressure, cholesterol, and blood glucose levels) and to support behavioural changes through educational sessions on nutrition, physical activity, and the negative effects of alcohol and tobacco use.
- Planning for the diabetes strategy, which was released in July 2014, was completed in 2013-14. This 3-year strategy focuses on implementing work in the areas of prevention, detection, and management of diabetes.
- The Ottawa Model for Smoking Cessation which was successfully implemented in PEI's acute care facilities in 2012, was implemented province wide in primary care health centres.
- Health PEI, in collaboration with the Department of Health and Wellness and the PEI Chapter of the Canadian Cancer Society, established a steering committee to improve the coordination of cancer services in PEI. In addition, the FIT kit for colorectal cancer screening was made available to Islanders in 2013-14. The easy to use, at-home colorectal cancer

Prevention and Management of Chronic Disease

The primary care reforms that were undertaken by Health PEI over the past few years to address the increase in prevalence of chronic conditions have had positive outcomes on the quality of patient care.

screening kit is the primary screening test for Island residents who are between the ages of 50 and 74.

The primary care reforms that were undertaken by Health PEI over the past few years to address the increase in prevalence of chronic conditions have had positive outcomes on the quality of patient care. Evidence of this is based in part on the lower hospitalization rates for ambulatory care sensitive conditions (ACSC). ACSC is a term used to refer to chronic conditions such as COPD, diabetes or asthma, and hospitalization for ACSC is a measure of access to appropriate primary health care. While not all admissions with these conditions are avoidable, timely and effective primary health care can potentially reduce the risk of hospitalization by controlling or managing the onset of a chronic condition. Although the PEI rate for ACSC exceeds the Canadian average, in general the PEI rate has been decreasing over the past 10 years with the gap between PEI and the national average closing. From 2004 to 2012, PEI's ACSC rate decreased by 40% and internal data demonstrates that this trend is continuing[3].

Public Health Initiatives

A number of public health projects were undertaken in 2013-14 to support the health and well being of Islanders. Highlights include:

- Two Public Health Nursing pilot projects were undertaken to update and standardize procedures for young children and their families. Both projects were successful and as a result *"New Beginnings"* and *"Launching Little Ones-Growing up Great"* are being implemented in all public health offices in PEI.
- Health PEI also expanded its influenza vaccination program during 2013-14. Influenza clinics were coordinated in nineteen communities across the province with free vaccines available for children aged 6 to 59 months, individuals aged 65 and over, pregnant women and their household contacts, residents of community care facilities, and individuals who identify as Aboriginal. Approximately 22,000 doses of the influenza vaccine were administered, which was a 63.5% increase from the 13,455 that were administered through Health PEI's community health program in 2012-13.
- A review of community dietitian services within Health PEI was conducted in 2013-14. The review identified opportunities for program development with specific recommendations aimed at ensuring alignment of dietitian services within community settings.

Code of Conduct

In 2013-14, Health PEI launched our *Code of Conduct: How We Live our Values*. This code identifies a standard set of behaviours that all Health PEI staff and physicians are expected to demonstrate. The work complements the *Patient Rights and Responsibilities* policy that was developed and launched in the previous fiscal year. Development of these documents involved extensive consultations with internal and external stakeholders.

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[1] Health PEI; Accreditation Canada: Health PEI.
Website: http://www.healthpei.ca/photos/original/hpei_actedrpt13.pdf

[2] Department of Health and Wellness, Chief Public Health Office;
Chief Public Health Officer's Report and Health Trends 2014.
Website: http://www.gov.pe.ca/photos/original/CPHO_Trends_14.pdf

[3] Canadian Institute for Health Information, Health Indicators Interactive Tool.
Website: http://www.cihi.ca/hirpt

Access

Primary Care Providers

Advanced Clinical Access

To reduce the wait time for individuals to access their primary care providers, nine advanced clinical access projects were carried out last year in the primary care networks. Health PEI staff collaborated with physicians, medical secretaries, and nursing staff to improve workflow within their offices, and look for opportunities to standardize and improve processes. Overall, the third next available appointment for these nine physicians has been reduced from 26 days to 20 days resulting in a 23% improvement. Due to the success of these projects this work will continue into 2014-15.

Nurse Practitioners

In addition to the advanced clinical access initiative to improve access to primary care services, the complement of nurse practitioners (NPs) in the province was increased from 7 to 11. With their advanced training and clinical expertise, NPs play a vital role in a modern health care system where they function both independently and collaboratively in a variety of settings across the continuum of care. The increase to the NP complement has resulted in reduced wait times to access primary care services and improved access to primary care physicians.

Mental Health and Addictions

Improving access to mental health and addictions services for Islanders continues to be a key priority for Health PEI. Last year there were a number of initiatives undertaken by Health PEI which included:

- Identification and completion of a coordinated plan of improvements to assist people with complex mental health conditions living in the community.
- Development and implementation of a process for collaborative mental health in the Montague Health Centre. The project objective was to provide early screening, identification, and intervention for people suffering from mild to moderate anxiety and depression.
- Introduction of an evidence-based prevention and early intervention youth addiction program. The Coping and Support Training (CAST) program is currently offered by youth addiction counselors across PEI in the junior high school setting and confronts issues that have the potential to lead to substance abuse, depression and anxiety, poor school performance, and other risk factors.
- Investments in the Methadone Maintenance Treatment Program were increased in 2013-14 and have helped decrease readmissions to the inpatient withdrawal management programs. This has contributed to improved accessibility to inpatient withdrawal management services and methadone treatment. A new standardized intake process was also established to better prioritize care and ensure those in most urgent need are prioritized accordingly.

Long-Term Care

Restorative Care at Prince Edward Home

A restorative care project was implemented at the Prince Edward Home in Charlottetown in 2013-14, with the aim of improving the health outcomes of seniors. Enhanced services were provided to seniors at risk of being admitted to a facility due to frailness, illness and/or injury. The program has resulted in a significant majority (86%) of its participants successfully returning to the community. As a result of this success, the program will be continuing in 2014-15.

Increase of Beds in Long-Term Care

In 2013-14, Health PEI opened additional long-term care beds in the province. This increase was the final phase of Health PEI's long-term care strategy, which commenced in 2009. During the summer of 2013, Souris Hospital and Community Hospital O'Leary began delivering more extended-care services for Islanders who do not require the specialized services of an acute care hospital bed. Between the two facilities combined, 30 beds were added to the system for patients who need some assistance such as restorative, respite, convalescent, or palliative care. In addition, as part of the Better Access Better Care initiative, Stewart Memorial Hospital in Tyne Valley transitioned to a 23-bed long-term care facility. The current facility in Tyne Valley will continue to offer long-term care services until a new facility is constructed in the community.

This strategy is starting to have an impact on wait times and patient flow within the health system. The wait time from an acute care hospital bed to any long-term care facility (public or private) decreased by 6.5 days from 2012-13 to 2013-14. Essentially, Islanders are able to access long term-care

sooner and this shortened wait has improved patient flow throughout the Island's acute care facilities thereby ensuring that Islanders who require the specialized services of an acute care bed have better access to the care they require.

New Facilities

The new Prince Edward Home located in West Royalty, was completed in the fall of 2013, and offers tremendous benefits for residents. In the new 120-room facility, residents live in households in one of five neighbourhoods. Each household is home to 12 residents, has a kitchen, dining room, a living room with a fire place, and every resident has a private room and bathroom. The smaller household design provides a more home-like atmosphere and embodies the philosophy of person-centered care, which is an objective for Health PEI under the goal of Quality.

Elective Surgical Services

Health PEI has focused on improving wait times for hip and knee elective surgical procedures in 2013-14. The number of beds allocated for orthopedic patients has been expanded from 20 to 24, which has allowed for an increase in the number of orthopedic procedures performed. This increase in procedures has had a positive impact on wait times: knee surgeries completed within 26 weeks increased by 28% from 2012-13 to 2013-14; and hip surgeries completed within 26 weeks increased by 17% from 2012-13 to 2013-14.

Emergency Services

Appropriate care by the right provider in the appropriate setting is a critical component of Health PEI's vision. Over the past several years, Health PEI has focused on increasing access to a number of our programs and services. Increasing ambulatory care services offered in the province, adding the 811 Telehealth service, and improving access to our primary health care providers in the community is beginning to take some of the pressure off of our emergency rooms. We are currently seeing a downward trend in the number of visits to all four of our Island emergency departments (ED), in particular in the number of non and less urgent visits. This trend is a positive indication that more Islanders are able to access the care they need within community settings.

Facility	2011-12 ED visits	2012-13 ED visits	2013-14 ED visits
Queen Elizabeth Hospital	40,035	39,371	37,198
Prince County Hospital	27,420	27,269	26,643
Kings County Memorial Hospital	20,539	21,018	19,532
Western Hospital	12,637	13,999	11,953
Total	**100,631**	**101,657**	**95,326**

Collaborative Emergency Centre

In November 2013, round-the-clock emergency medical care was restored to Western Hospital when the Collaborative Emergency Centre (CEC) was opened. The CEC operates as a traditional emergency department during daytime hours, while overnight the CEC is staffed by a registered nurse and an emergency medical technician with online oversight by a physician. The introduction of the CEC has allowed Western Hospital to remain open 24 hours a day.

Rapid Response Units in West Prince and Kings County

Two new rapid response units to improve ambulance services for Islanders were introduced in the eastern and western parts of the province in 2013-14. The rapid response units are medically equipped SUV's operated by highly skilled emergency medical technicians. The units respond quickly to 911 calls and begin assessment and treatment until the ambulance arrives.

Improve Access to Care for Specific Populations

Children with Complex Needs

Development and planning work continued in 2013-14 for children with complex needs. The various areas undergoing program review and development include: service access; client and family information and support; consistency in service standards; improved approaches to early intervention; and enhanced processes to support patient assessments.

Frail Seniors with Complex Health Needs

The Enhanced Home Care for Frail Seniors program was expanded to Prince County in 2013. This program provides additional hours of service and care coordination to support frail seniors in returning home from hospital sooner and remaining safely at home as long as appropriate. During a one-year pilot of this program in Queens County, frail seniors who received additional support in their homes avoided days in other care options. This included an estimated 2,064 days avoided in long-term care and 1,876 days avoided in community care.

Aboriginal and First Nations Communities

Health PEI continues to improve existing services for Aboriginal Peoples in PEI through previous funding from Health Canada. In 2013-14, a cultural awareness and sensitivity training program was developed and piloted at Health PEI.

Interpretation Services

Individuals experiencing language barriers when accessing Health PEI services are benefiting from a new phone-based language interpretation service. This service, which had previously been piloted at Health PEI, was formalized in 2013-14 through the adoption and implementation of the Language Interpretation policy.

Efficiency

Electronic Health Record - Computerized Provider Order Entry

Prince Edward Island is one of the leading jurisdictions in Canada with respect to its implementation of integrated Electronic Health Records (EHR). Most of the province's EHR components are already in place and fully accessible by clinicians across the Island. Over the past year, Health PEI focused on deploying CPOE (Computerized Provider Order Entry) in PEI's seven hospitals. CPOE is a robust order management system that allows clinicians to electronically enter care orders (medications, laboratory, diagnostic imaging, consults, etc.). CPOE has been proven to improve the safety of patient care, reduce length of stays, and improve health outcomes. Implementation of CPOE across the province was completed in the summer 2014.

Emergency Room Wait Times Online

Islanders are now able to check average estimated wait times online in real time for the emergency departments at both the Queen Elizabeth Hospital and the Prince County Hospital. This initiative is designed to help improve both the efficiency of and access to emergency services in the province.

Telehealth (8-1-1)

A free, confidential telephone service to access health advice or general health information was implemented in PEI in 2013-14. The new 8-1-1 telephone service gives Islanders easy access to non-emergency health advice and information. By dialing 8-1-1, Islanders can talk to a registered nurse (RN) for health advice when and where they need it, 24 hours a day, seven days a week. During the first 6 full months of operation, RNs provided clinical services to an average of 54 callers a day. Of those callers, approximately 19% were advised to visit the emergency department immediately and approximately 53% were advised to follow up with a primary care provider.

Overall Average Length of Stay (OALoS)

In 2013-14, Health PEI completed the first phase of the two part Overall Average Length of Stay (OALoS) initiative under the Pursuing Quality and Excellence Program. This initiative aims to bring the average length of stay for patients in line with the expected lengths of stay as set by the Canadian Institute for Health Information. As part of Phase I, 24 projects were carried out in the following areas: primary care, public health nursing, community hospitals, home care, long-term care, and extended care. The projects in acute care focused on reducing length of stay through increased efficiencies and standardization, whereas projects carried out in other areas concentrated on ways to prevent admissions to acute care and on increasing capacity to meet the service demand. Key highlights include:

- Reduced acute length of stay by 43% to 5.1 days at Kings County Memorial Hospital and reduced acute length of stay by 49% to 4.8 days at Western Hospital.
- Reduced resident falls at Beach Grove Home pilot site by 62%.

The success of the Phase I projects will be spread to other service and program areas in 2014-15. As the OALoS initiative enters Phase II, projects will focus on increasing service efficiencies in both the Queen Elizabeth Hospital and the Prince County Hospital. The goal of this initiative is to achieve an overall acute care length of stay of 7.3 days.

Care Coordination

The implementation of care coordination continued to be an area of focus for Home Care in 2013-14. All Home Care clients are assigned a primary coordinator at the time of admission to the service. The role of the primary coordinator is to provide support, guidance, and care to clients and their families. Care coordination is shown to have positive impacts on optimal use of resources and coordination of complex care needs.

Resource Allocation

The new Program Budgeting Marginal Analysis (PBMA) framework was implemented at Health PEI in 2013-14. Through the PBMA process, Health PEI staff and physicians are engaged to help identify ways to make best use of our health care dollars. Through this process in 2013-14, 222 efficiency proposals were approved with an approximate value of $7 million in savings. The approved proposals include both operational and policy initiatives, and efforts to implement the approved proposals are underway. Due to the success of this round of PBMA, the process will be undertaken again in 2014-15.

System Accountability and Standardization

Health PEI continues to focus on standardization and identification of harmonization opportunities. Over the past year, we have improved standardization in capital, supplies, and services expenditures. These efforts have resulted in $1.7 million savings annually, which has been refocused on patient care.

Financial Highlights

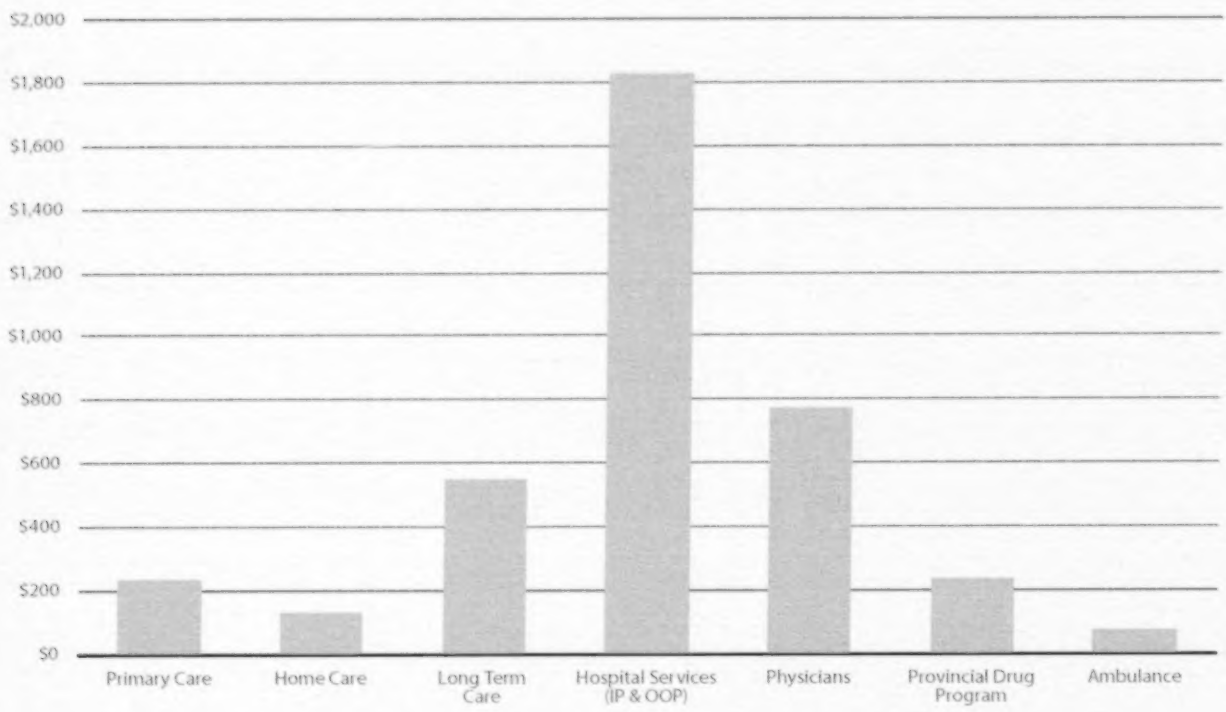
This section of the Annual Report highlights the organization's operations for the fiscal year ending March 31, 2014. This financial section should be read in conjunction with Health PEI's audited financial statements (Appendix C).

Net Operational Expenditures	$564,989,234
Net Operational Budget	$565,701,700
Total Annual Surplus	$712,466

Expenses per Capita

Budgeted spending per capita highlights the Provincial Government's health expenditure by use of funds divided by the population. This indicator allows Health PEI leadership to target and track service enhancement and better control spending in specific areas. Targets are set based on anticipated areas of growth or projected needs for additional resources to meet the needs of Islanders.

2013-2014 Expenses per Capita (Actual)

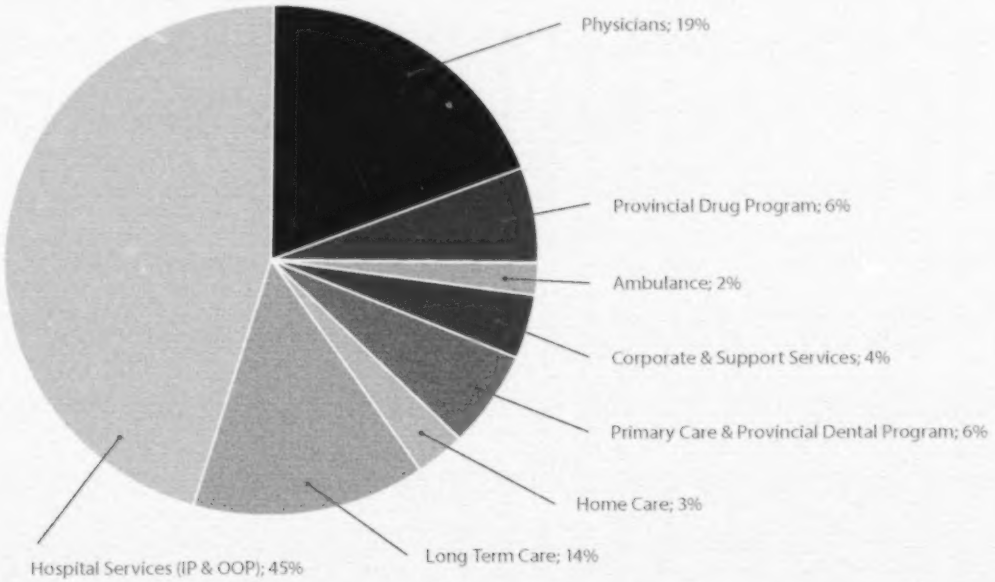


Actual Expenses per Capita as of Health PEI year ending March 31, 2014.

Expenses by Sector:

- Primary Health Care and Provincial Dental Program – expenses relating to the provision of primary health care by nursing and other health care providers including community primary health care, community mental health, addiction services, public health services, and dental programs.
- Home-Based Care – expenses relating to the provision of home nursing care, home support services, and dialysis services.
- Long-Term Care – expenses relating to the provision of long-term residential care.
- Hospital Services – expenses relating to acute nursing care, ambulatory care, laboratory, diagnostic imaging, pharmacies, ambulance services, the clinical information system, and out-of-province medical care for Islanders.
- Physicians – expenses relating to services provided by physicians and programs for physicians including primary health care, acute medical care, specialty medical care, and the medical residency program.
- Provincial Drug Programs – expenses relating to the provision of pharmacare programs including Seniors Drug Cost Assistance program, Social Assistance Drug Cost Assistance Program, and High Cost Drugs Program.
- Ambulance – expenses relating to the contracting and provision of emergency medical services.
- Corporate and Support Services – expenses relating to the provision of centralized, corporate support services including: strategic planning and evaluation; risk management; quality and safety; human resource management; financial planning and analysis; financial accounting and reporting; materials management; and health information management.

2013-2014 Expenses by Sector (Actual)


Physicians; 19%
Provincial Drug Program; 6%
Ambulance; 2%
Corporate & Support Services; 4%
Primary Care & Provincial Dental Program; 6%
Home Care; 3%
Long Term Care; 14%
Hospital Services (IP & OOP); 45%

Actual Expenses by Sector as of Health PEI year ending March 31, 2014.

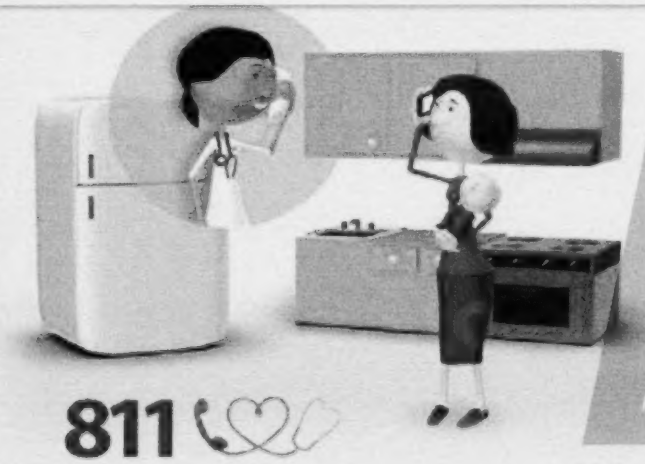
Health PEI by the Numbers

Staff [4]	2011/12	2012/13	2013/14
Nursing and Nursing Services (NPs, RNs, LPNs, RCWs & PCWs)	1,535	1,634	1,647
Administration and Management	175	191	192
Laboratory Professionals	202	218	220
Secretarial/Clerical	261	264	264
Utility Worker/Service Worker	363	368	369
Other Health Professionals and Support Staff	969	992	1,003
Medical Staff [4]			
Family Physicians	117	121	120
Specialists	98	102	103
Residents	10	10	10
Hospital-Based Service Volumes Across Health PEI			
Emergency Visits	100,631	101,657	95,326
Operative Cases (Acute Care)	3,824	3,705	3,653
Operative Cases (Day Surgery)	6,665	6,064	6,483
Inpatient Days [excludes Hillsborough Hospital (HH)]	141,552	143,690	140,766
Admissions (excludes HH)	15,738	15,331	15,287
Average Length of Stay (days) (excludes HH)	8.70	9.47	9.57
Number of Diagnostic Imaging Exams	141,151	145,004	143,809
Number of Tests Processed by Laboratory Services	2,289,000	2,430,755	2,188,040
Hospital-Based Mental Health Inpatient Admissions	999	1,020	982
Long-Term Care			
Occupancy Rate (public manors only)	97.8%	98.9%	99.0%
Number of long-term care admissions	225	206	256
Number of long-term care beds (public facilities only)	572	575	595
Number of public long-term care facilities	9	9	9
Average Length of Stay (years) (public manors only)	2.5	2.8	2.9
Home Care			
Number of Clients Served by Home Care	4,615	4,649	4,449
Number of Home Care Clients that are 75+ years old	2,719	2,705	2,461

[4] Reflects number of FTEs who were employed as of March 31, 2014.

Health PEI by the Numbers (Continued)

PEI Cancer Treatment Centre	2011/12	2012/13	2013/14
Radiation Therapies and Simulation Visits [5]	8,824	8,630	7,915
Radiation Consults and Follow-Ups [5]	3,759	3,752	3,418
Medical Visits [6]	12,947	14,778	14,862
Medical Consults and Follow-Ups	5,934	4,870	4,277
Primary Health Care Statistics			
Community Mental Health Referrals	5,004	5,394	5,571
Community Mental Health – Crisis Response [7]	1,040	1,294	1,107
Addiction Services – Total Admissions	3,150	3,628	3,402
Speech Language Pathology Program Referrals	335	574	582
Audiology Referrals	438	400	484
Immunization Rate (2 years old fully immunized)	84%	84%	87%
Visits to Primary Care Health Centres [8]		96,318	85,316 [9]
Number of distinct clients at Primary Care Health Centres [8]		22,494	20,414 [9]
Number of class attendees at Provincial Diabetes Programs	889	724	905
Number of classes at Provincial Diabetes Programs	177	138	155
Number of new referrals to Provincial Diabetes Programs	1,683	1,576	1,562
Number of children who received dental treatment at Public Health Dental Program	7,191	5,841	4,535
Number of children who participated in the school-based prevention program at Public Health Dental Program	12,648	13,329	12,761

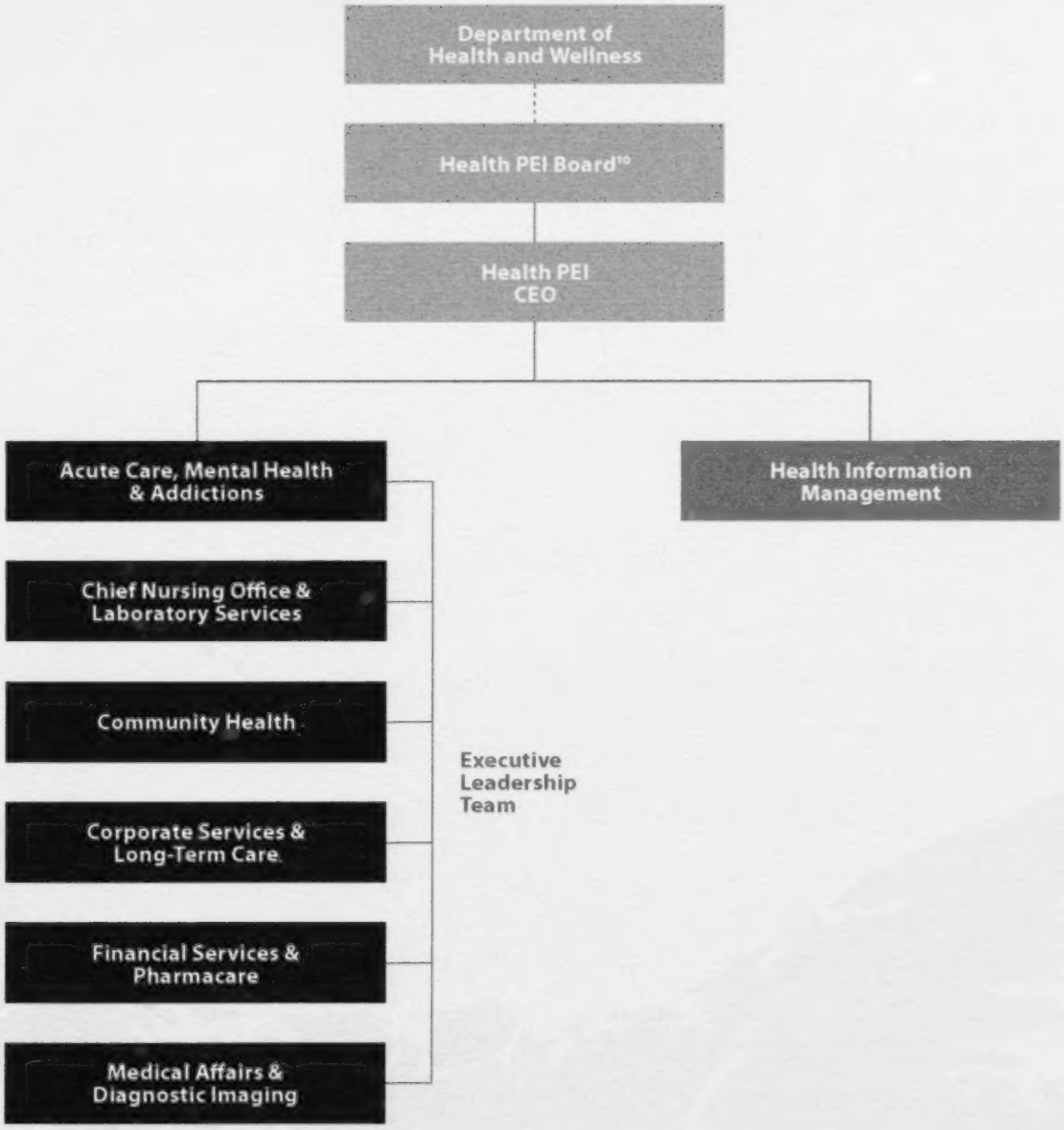


Telehealth (8-1-1)

A free, confidential telephone service to access health advice or general health information was implemented in PEI in 2013-14. The new 8-1-1 telephone service gives Islanders easy access to non-emergency health advice and information. By dialing 8-1-1, Islanders can talk to a registered nurse for health advice when and where they need it, 24 hours a day, seven days a week.

[5] Although the number of radiation treatments and follow up visits is decreasing this should not be attributed to a decrease in patient volume. Advancements in technology and the introduction of more complex therapies have allowed more intense therapies to be provided to patients in a smaller number of visits.
[6] Data includes all activities in chemotherapy chairs, including chemotherapy teaching.
[7] Data includes only hospital crisis response visits.
[8] Only includes data from centres which are managed by Health PEI.
[9] The methodology in which these figures are captured has changed therefore the data for 2011/12 is not available and these numbers vary slightly from what was published in the 2012-13 Annual Report.

Appendix A - Organizational Structure


Department of Health and Wellness
Health PEI Board[10]
Health PEI CEO
Acute Care, Mental Health & Addictions
Chief Nursing Office & Laboratory Services
Community Health
Corporate Services & Long-Term Care
Financial Services & Pharmacare
Medical Affairs & Diagnostic Imaging
Health Information Management
Executive Leadership Team

[10] There are 3 committees of the Health PEI Board: Compliance & Monitoring, Quality & Safety, and Public Engagement

Appendix B - Strategic Performance Indicators

Objective		Measure
		Quality
Ensure appropriate patient safety standards are met		Hospital standardized mortality ratio
		Adverse events for incident severity levels 4 & 5 per 1,000 patient days – acute and extended care
		Adverse events for incident severity levels 4 & 5 per 1,000 patient days – long term care
Embed the philosophy of person-centered care		Patient survey - percent patients who rated their overall hospital stay as greater than or equal to nine out of 10 [1]
Promote improved health outcomes through prevention and education		Participants in the diabetes program with an A1C of ≤ 7 % [2]
		Percent participation of population aged 50 to 74 years old in colorectal cancer screening program within the past 2 years [3]
		Hypertension screening within participating Health PEI health centers [4]
		Ambulatory care sensitive conditions discharges per 100,000 under 75 years
		Number of PEI residents who received influenza vaccine in Health PEI community clinics [5]
		Percent of children born in PEI immunized under the age of 2
Foster a healthy work environment		Employee survey – percent employees who responded favourably to the question "overall, how satisfied are you with your job" [6]
		Sick days per full-time equivalent
		Access
Reduce wait times in priority areas	Primary Care Provider	Utilization of 24 hour acute care emergency departments (QEH & PCH) for triage levels 4 and 5
		Utilization of 14 hours emergency department (KCMH) for levels 4 and 5
		Utilization of collaborative emergency centre (Western Hospital) for triage levels 4 and 5 [7]
		Third next available appointment to access primary care physician [8]
	Mental Health Services	Youth clients seen by community mental health services within current access standards [9]
		Adult clients seen by community mental health services within current access standards [9]
	Addiction Services	Wait time for inpatient withdrawal management
		Wait time for outpatient withdrawal management
	Long -Term Care	Length of stay in long-term care for people aged 65 and over
		Wait time in days from hospital bed to any LTC facility (public or private)
	Elective Surgical Services	Percent of cataract surgeries completed within access standard of 16 weeks
		Percent of hip replacement surgeries completed within access standard of 26 weeks
		Percent of knee replacement surgeries completed within access standard of 26 weeks
	Emergency Services	Percent of patients who left without being seen at 24 hour emergency departments (QEH and PCH)
		Percent of patients who left without being seen at 14 hour emergency department (KCMH)
		Percent of patients who left without being seen at a collaborative emergency centre (Western Hospital)
		Efficiency
Utilize technology to improve the quality, safety and continuity of care		STAT lab tests meeting turnaround time [9]
		Pharmacy orders placed on-line by physicians [10]
		Medication reconciliation completed on admission using CPOE in acute care [11]
Improve management of bed utilization across the system		Overall average length of stay in acute care facilities [12]
Improve coordination of care across the continuum of health services		Census for patient coded as alternate level of care in acute care facilities [13]
		Number of inpatients in emergency department awaiting acute care beds per day [14]
Effective resource management		Annual variance between budget and actual as documented in Health PEI annual financial statements [15]
		Over-time days per full-time equivalent

	Baseline 2012-2013	Actual 2013-2014	Target 2014-2015
	95	95	≤100
	0.1	0.26	0.23
	0.13	0.1	0.09
	--	66%	73%
	--	42%	50%
	18%	20%	22%
	--	96%	98%
	484.4	443.6	430
	13,455	21,700	21,700 ± 10%
	84%	84%	87%
	77%	--	≥75%
	11.9 days/FTE	12.6 days/FTE	11 days/FTE
	41.4%	39.7%	40%
	44.8%	52.4%	45%
	77.0%	73.1%	--
	--	--	7 days
	--	53.6%	60%
	--	67.4%	68%
	6.9 days	8.3 days	7.5 days
	5.1 days	7.4 days	5 days
	2.6 years	2.7 years	2.5 years
	64.5 days	58.0 days	52.0 days
	59.4%	46%	90%
	56.3%	77%	90%
	37.8%	62%	90%
	7.5%	8.2%	6%
	1.3%	1.4%	≤4%
	2.4%	2.5%	≤4%
	84.8%	86.2%	90%
	--	87%	90%
	--	89.5%	95%
	8.9 days	9.1 days	7.3 days
	64.9	62.4	58
	11 patients	11 patients	10 patients
	$13.92 M surplus	$7.85 M surplus	$0
	5.96 days/FTE	6.01 days/FTE	5.8 days/FTE

Emergency Room Wait Times Online

Islanders are now able to check average estimated wait times online in real time for the emergency departments at both the Queen Elizabeth Hospital and the Prince County Hospital. This initiative is designed to help improve both the efficiency of and access to emergency services in the province.

Technical Notes:

1. Baseline data is from April to November 2013.
2. First year of available data.
3. Two-year screening interval. This indicator only tracks screening rates through the colorectal cancer screening program.
4. Data to date for charts pulled week of Sept 16-20, 2013. Total for all 3 sites to date is 129/134 charts (96%) had their blood pressure checked (Eastern Kings, Central Queens, Harbourside).
5. Program changes in the fall of 2014/15 may significantly reduce the utilization of Health PEI community clinics for influenza vaccination.
6. Baseline data is from 2011/12. Target and result are not applicable for 2013 since survey is only conducted every 2 years.
7. Target is not applicable due to primary function of Western Hospital emergency department as an urgent care clinic for West Prince.
8. Baseline data will be captured in 2014-15 from voluntary physician submissions.
9. STAT lab test turnaround times includes lab turn aroud time plus the time it takes for physicians and nurses to place the order.
10. Baseline data is from January to March 2014.
11. Baseline data is from November to March 2013/14 for the QEH and June to March 2013/14 for PCH. Other PEI hospital data will be added in subsequent years.
12. Indicator is tied to the OALoS initiative and includes the following acute care facilities QEH, PCH, KCMH and WH.
13. Includes the following acute care facilities QEH, PCH, KCMH and WH.
14. Includes QEH, PCH and KCMH.
15. Includes all capital grants and other capital contributions.

Additional strategic performance indicators currently under development include:

- Days waiting for long-term care by community and hospital
- Children with complex needs
- Frail elderly/ seniors with complex health needs
- Patients with an expected date of discharge within 48 hours of admission
- CTAS level still under development

Appendix C - Audited Financial Statements

HEALTH PEI

Financial Statements
March 31, 2014

Management's Report

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is responsible for the notes to the financial statements and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is responsible for implementing and maintaining a system of internal control to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board reviews internal financial reports on a regular basis and externally audited financial statements annually.

The Auditor General conducts an independent examination, in accordance with Canadian generally accepted auditing standards and expresses her opinion on the financial statements. The Auditor General has full and free access to financial information and management of Health PEI and meet as required.

On behalf of Health PEI

Phyllis Horne
Chair, Health PEI Board

Dr. Richard Wedge
Chief Executive Officer

June 18, 2014

Prince Edward Island
Office of the
Auditor General
PO Box 2000, Charlottetown PE
Canada C1A 7N8

Île-du-Prince-Édouard
Bureau du
vérificateur général
C.P. 2000, Charlottetown PE
Canada C1A 7N8

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Health PEI

I have audited the financial statements of **Health PEI**, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and accumulated surplus, changes in net debt, and cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2014, and the results of its operations, changes in net debt, and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

B. Jane MacAdam

B. Jane MacAdam, CA
Auditor General

Charlottetown, Prince Edward Island
June 24, 2014

HEALTH PEI

Statement of Financial Position
March 31, 2014

	2014	2013
	$	$
Financial Assets		
Cash	2,846,880	6,313,277
Accounts receivable (Note 4)	7,708,390	6,906,387
Due from the Department of Health and Wellness	30,763,408	26,419,261
	41,318,678	39,638,925
Liabilities		
Accounts payable and accrued liabilities (Note 7)	75,056,659	76,320,800
Employee future benefits (Note 8)	53,126,903	50,740,328
Deferred revenue (Note 9)	57,503	124,689
	128,241,065	127,185,817
Net Debt	(86,922,387)	(87,546,892)
Non Financial Assets		
Tangible capital assets (Note 11)	247,494,224	240,351,422
Inventories held for use (Note 5)	3,436,146	3,423,816
Prepaid expenses (Note 6)	719,917	644,286
	251,650,287	244,419,524
Accumulated Surplus	164,727,900	156,872,632
Designated assets (Note 16)	672,954	597,321
Trusts under administration (Note 17)	691,644	584,839

(The accompanying notes are an integral part of these financial statements.)

Approved on behalf of Health PEI

Chair, Health PEI Board

Chief Executive Officer

HEALTH PEI

Statement of Operations and Accumulated Surplus
for the year ended March 31, 2014

	Budget (Note 18) 2014	2014	2013
	$	$	$
Revenues			
Grants - Dept. of Health and Wellness	565,701,700	565,701,700	542,717,500
Capital grants - Dept. of Health and Wellness	12,842,100	18,114,364	27,844,472
Other capital contributions	4,877,600	4,897,790	5,296,331
Fees - patient and client (Note 14)	19,456,900	20,125,007	20,169,959
Food services	1,358,200	1,042,997	1,100,394
Federal revenues	449,900	583,577	1,019,249
Sales	1,038,900	811,173	977,386
Other	2,039,200	1,674,974	1,751,384
	607,764,500	612,951,582	600,876,675
Expenses (Note 19)			
Community Hospitals	21,241,900	20,876,911	23,317,328
Acute Care	153,530,700	155,206,549	149,743,697
Addiction Services	10,852,300	10,070,563	10,181,049
Acute Mental Health	17,537,300	17,507,649	16,815,356
Community Mental Health	7,983,100	7,552,408	7,201,748
Continuing Care	60,060,500	62,182,516	56,508,064
Private Nursing Home Subsidies	19,655,000	18,737,257	18,044,781
Public and Dental Health	10,059,500	9,608,398	9,222,426
Provincial Pharmacare Programs	35,949,400	34,904,191	35,902,466
Home Care and Support	21,163,200	20,308,404	19,206,542
Provincial Laboratory and Diagnostic Imaging	28,612,900	29,253,264	29,750,178
Provincial Hospital Pharmacies	5,138,200	4,985,790	5,271,301
Emergency Health Services	14,744,800	14,179,581	12,540,605
Corporate and Support Services	24,914,800	23,143,221	24,685,630
Medical Programs - In Province	101,571,100	103,485,063	100,347,243
Medical Programs - Out of Province	45,366,700	46,792,153	42,120,680
Primary Care	11,663,400	10,433,044	9,803,964
	590,044,800	589,226,962	570,663,058
Amortization of tangible capital assets	-	15,869,352	16,289,239
	590,044,800	605,096,314	586,952,297
Annual Surplus (Note 15)	17,719,700	7,855,268	13,924,378
Accumulated Surplus, beginning of year		156,872,632	142,948,254
Accumulated Surplus, end of year		164,727,900	156,872,632

(The accompanying notes are an integral part of these financial statements.)

HEALTH PEI

Statement of Changes in Net Debt
for the year ended March 31, 2014

	Budget 2014	2014	2013
	$	$	$
Net Debt, beginning of year	(87,546,892)	(87,546,892)	(86,797,032)
Changes in year:			
Annual surplus	17,719,700	7,855,268	13,924,378
Acquisition of tangible capital assets	(17,719,700)	(23,012,154)	(33,140,803)
Loss on disposal of tangible capital assets	-	-	260,022
Amortization of tangible capital assets	-	15,869,352	16,289,239
Decrease (increase) in inventories	-	(12,330)	1,898,171
Decrease (increase) in prepaid expenses	-	(75,631)	19,133
Change in Net Debt	-	624,505	(749,860)
Net Debt, end of year	(87,546,892)	(86,922,387)	(87,546,892)

(The accompanying notes are an integral part of these financial statements.)

HEALTH PEI

Statement of Cash Flow
for the year ended March 31, 2014

	2014	2013
	$	$
Cash provided (used) by:		
Operating Activities		
Surplus for the year	7,855,268	13,924,378
Amortization of tangible capital assets	15,869,352	16,289,239
Changes in:		
Accounts receivable	(802,003)	1,076,268
Due from the Department of Health and Wellness	(4,344,147)	5,665,810
Accounts payable and accrued liabilities	(1,264,141)	(4,004,156)
Employee future benefits	2,386,575	3,074,281
Deferred revenue	(67,186)	(129,821)
Inventories held for use	(12,330)	1,898,171
Prepaid expenses	(75,631)	19,133
Cash provided by operating activities	19,545,757	37,813,303
Capital Activities		
Acquisition of tangible capital assets	(23,012,154)	(33,140,803)
Loss on disposal of tangible capital assets	-	260,022
Cash used by capital activities	(23,012,154)	(32,880,781)
Change in cash	(3,466,397)	4,932,522
Cash, beginning of year	6,313,277	1,380,755
Cash, end of year	2,846,880	6,313,277

(The accompanying notes are an integral part of these financial statements.)

1. Nature of Operations

Health PEI is a provincial Crown corporation established on April 1, 2010, and operates under the authority of the *Health Services Act*. Health PEI is a government organization named in Schedule B of the *Financial Administration Act* and reports to the Legislative Assembly through the Minister of the Department of Health and Wellness. The mandate of Health PEI is to be responsible for the operation and delivery of all health services in the Province of Prince Edward Island. These services are categorized as follows:

Community Hospitals	Home Care and Support
Acute Care	Public and Dental Health
Addiction Services	Provincial Laboratory and Diagnostic Imaging
Acute Mental Health	Provincial Hospital Pharmacies
Community Mental Health	Emergency Health Services
Continuing Care	Corporate and Support Services
Private Nursing Home Subsidies	Medical Programs - In Province
Provincial Pharmacare Progmms	Medical Programs - Out of Province
Primary Care	

Health PEI is a provincial Crown corporation and as such is not subject to taxation under the federal *Income Tax Act*.

2. Summary of Significant Accounting Policies

Basis of Accounting

These financial statements are prepared by management in accordance with Canadian public sector accounting standards. Health PEI complies with the recommendations of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA) wherever applicable. PSAB standards are supplemented, where appropriate, by other CPA Canada accounting pronouncements.

Since Health PEI has no unrealized remeasurement gains or losses attributable to foreign exchange, derivatives, portfolio investments, or other financial instruments, a statement of remeasurement gains and losses is not prepared.

a) Cash

Cash includes cash on hand and balances on deposit with financial institutions, net of overdrafts.

b) Accounts Receivable

Accounts receivable are recorded at cost less any provision when collection is in doubt.

2. Summary of Significant Accounting Policies (continued...)

c) Inventories Held for Use

Inventories of supplies as described in Note 5 are recorded at the lower of the moving average and replacement cost. Damaged, obsolete, or otherwise unusable inventory is expensed as identified. Inventories of supplies that are resold to the public are not segregated due to their immaterial value.

d) Due from the Department of Health and Wellness

Amounts due to or from the Department of Health and Wellness arise from the difference between cash flows provided to Health PEI and the approved grant from the Department. These balances have no repayment terms and are non-interest bearing.

e) Deferred Revenue

Certain amounts are received pursuant to legislation, regulation, or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue when eligibility criteria, if any, have been met.

f) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, and/or betterment of the assets. Cost includes overhead directly attributable to construction and development. Interest, if any, on capital projects is expensed as incurred.

The cost of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	40 years
Building improvements	10 years
Paving	10 years
Equipment	5 years
Computer hardware	5 years
Computer software systems	5-20 years
Motor vehicles	5 years

The cost of assets under construction is not amortized until construction is complete and the asset is available for use. In the year of acquisition, one half of the annual amortization is recorded.

2. Summary of Significant Accounting Policies (continued...)

f) Tangible Capital Assets (continued...)

Tangible capital assets are written down when conditions indicate they no longer contribute to Health PEI's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital assets are less than their net book value. Write downs are expensed when identified.

g) Prepaid Expenses

Prepaid expenses as described in Note 6 are charged to expense over the periods expected to benefit.

h) Revenues

Revenues are recorded on an accrual basis in the period in which the transaction or event which gave rise to the revenue occurred. When accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable, revenues are recorded as received.

Transfers (revenues from non-exchange transactions) are recognized as revenue when the transfer is authorized, any eligibility criteria are met, and a reasonable estimate of the amount can be made. Transfers are recognized as deferred revenue when amounts have been received but eligibility criteria have not been met.

Grants from the Department of Health and Wellness are recognized as revenue on a monthly basis as services are delivered by Health PEI in accordance with its legislated mandate.

i) Expenses

Expenses are recorded on an accrual basis in the period in which the transaction or event which gave rise to the expense occurred.

Transfers include entitlements, grants, and transfers under cost shared agreements. Grants and transfers are recorded as expenses when the transfer is authorized, eligibility criteria have been met by the recipient, and a reasonable estimate of the amount can be made.

j) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at year-end. Foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction. Health PEI has limited exposure to foreign currency, as substantially all of its transactions are conducted in Canadian dollars and year-end foreign currency balances are not significant.

2. Summary of Significant Accounting Policies (continued...)

k) Use of Estimates and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets, employee retirement and sick leave benefits, provisions for doubtful accounts, accrued liabilities for out-of-province health services, and negotiated settlements with unions and other employees.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates and the differences could be material.

3. Financial Instruments

Fair Value

Health PEI's financial instruments consist of cash, accounts receivable, accounts payable, and accrued liabilities. Due to their short-term nature, the carrying value of these financial instruments approximate their fair value.

Risk Management

Health PEI is exposed to a number of risks as a result of the financial instruments on its statement of financial position that can affect its operating performance. These risks include credit and liquidity risk. Health PEI's financial instruments are not subject to market, interest rate, foreign exchange, or price risk.

Credit Risk

Health PEI is exposed to credit risk with respect to accounts receivable. Health PEI has a collection policy and monitoring processes intended to mitigate potential credit losses. Health PEI maintains provisions for potential credit losses that are assessed on an on-going basis. The provision for doubtful accounts is disclosed in Note 4.

4. Accounts Receivable

	2014 $	2013 $
Fees and revenues receivable	3,621,970	3,286,458
Less: provision for doubtful accounts	(1,574,628)	(840,869)
	2,047,342	2,445,589
Hospital foundations	3,133,903	1,563,634
Province of Prince Edward Island	588,622	456,513
Employee advances	802,728	825,089
Other	1,135,795	1,615,562
	7,708,390	6,906,387

The aging of fees and revenues receivable is as follows:

	2014 $	2013 $
Current	1,683,235	2,185,159
61-90 days	94,274	289,475
91-180 days	702,853	163,985
Greater than 180 days	1,141,608	647,839
	3,621,970	3,286,458

5. Inventories Held for Use

	2014 $	2013 $
Medical supplies	1,720,636	1,863,043
Drugs	1,303,638	1,225,386
Food and other supplies	411,872	335,387
	3,436,146	3,423,816

6. Prepaid Expenses

	2014 $	2013 $
Maintenance contracts	702,854	610,118
Other	17,063	34,168
	719,917	644,286

7. Accounts Payable and Accrued Liabilities

	2014 $	2013 $
Accounts payable	21,600,315	20,721,726
Accrued liabilities	17,834,159	21,333,786
Salaries and benefits payable	17,591,732	16,514,540
Accrued vacation pay	18,030,453	17,750,748
	75,056,659	76,320,800

8. Employee Future Benefits

a) Retirement Allowance

Health PEI provides a retirement allowance to its permanent employees in accordance with the applicable collective agreements. The amount paid to eligible employees at retirement is one week's pay per year of eligible service based on the rate of pay in effect at the retirement date to the maximum specified in the applicable collective agreement. These benefits are unfunded. The benefit costs and liabilities related to these allowances are included in these financial statements.

The most recent actuarial valuation for accounting purposes prepared by the actuarial consulting firm Morneau Shepell, disclosed an accrued benefit obligation of $38,311,500 as at April 1, 2011. The total liability is projected by Health PEI in the years between the tri-annual valuations.

The economic assumptions used in the determination of the actuarial value of accrued retirement allowances were developed by reference to the expected long-term borrowing rate of the Province of Prince Edward Island as of April 1, 2011. Significant actuarial assumptions used in the valuation and projections are:

Discount rate	4.47% per annum
Expected salary increase	2.50% per annum
Expected average remaining service life	15 years

Retirement age: when age plus service equals 90, but no earlier than 55 and no later than 63.

Assumptions used for April 1, 2013, to March 31, 2014, have been revised by Health PEI based on a reduction in the Province's long-term borrowing rate. A revised rate of 3.80% based on the Province's April 1, 2014, long term borrowing rate has been applied resulting in an increase of $2,564,139 to the accrued benefit obligation and a corresponding increase in the unamortized gains and losses.

8. Employee Future Benefits (continued...)

a) Retirement Allowance (continued...)

	2014 $	2013 $
Balance, beginning of year	33,564,842	31,306,947
Current service cost	2,170,688	2,121,318
Interest accrued on liability	1,833,472	1,791,243
Amortization of actuarial gains(losses)	877,338	943,856
Less: payments made	(3,386,530)	(2,598,522)
Balance, end of year	35,059,810	33,564,842
Gross accrued benefit obligation	44,806,962	41,625,193
Unamortized actuarial gains (losses)	(9,747,152)	(8,060,351)
Net accrued benefit obligation	35,059,810	33,564,842

b) Accrued Sick Leave

Health PEI employees working full-time/part-time hours receive sick leave that accumulates at a rate of 11.25 hours per month. Members of the excluded (management) group can accumulate to a maximum of 1950 hours with the exception of 20 grandfathered members whose sick leave balances are currently higher than 1950 hours. All other employees can accumulate to a maximum of 1612.50 hours. An actuarial estimate for this future liability has been completed and forms the basis for the estimated liability reported in these financial statements.

The most recent actuarial valuation for accounting purposes prepared by the actuarial consulting firm Morneau Shepell, disclosed an accrued benefit obligation of $17,413,300 as at April 1, 2012. The total liability is projected by Health PEI in the years between the tri-annual valuations.

The economic assumptions used in the determination of the actuarial value of accrued sick leave benefits were developed by reference to the expected long-term borrowing rate of the Province of Prince Edward Island as at April 1, 2012. Significant actuarial assumptions used in the valuation and projections are:

Discount rate	3.21% per annum
Expected salary increase	2.50% per annum
Expected average remaining service life	14.63 years

Retirement age: when age plus service equals 90, but no earlier than 55 and no later than 63.

8. Employee Future Benefits (continued...)

b) Accrued Sick Leave (continued...)

	2014 $	2013 $
Balance, beginning of year	17,175,486	16,359,100
Current service cost	2,885,817	2,745,200
Interest accrued on liability	586,597	561,894
Amortization of actuarial gains(losses)	72,100	72,100
Less: payments made	(2,652,907)	(2,562,808)
Balance, end of year	18,067,093	17,175,486
Gross accrued benefit obligations	18,977,093	18,157,586
Unamortized actuarial gains (losses)	(910,000)	(982,100)
Net accrued benefit obligation	18,067,093	17,175,486

c) Pension and Other Benefits

i) All permanent employees of Health PEI, other than physicians, participate in the multi-employer contributory defined benefit pension plan as defined by the *Civil Service Superannuation Act*. This plan provides a pension on retirement based on two percent of the average salary for the highest three years times the number of years of pensionable service, for service to December 31, 2013, and two percent of the career average salary indexed with cost-of-living adjustments, for service after 2013. Indexing is subject to the funded level of the plan after December 31, 2016.

The Plan is administered by the Province of Prince Edward Island. Additional information on the pension plan as defined in the *Civil Service Superannuation Act* can be found in the notes to the Public Accounts of the Province of Prince Edward Island.

ii) Salaried physicians maintain their own personal RRSP accounts to which Health PEI makes contributions in accordance with the Master Agreement between the Medical Society of Prince Edward Island and the Province of Prince Edward Island. Health PEI's contributions are equivalent to 9 per cent of the physician's base salary and shall not exceed 50 per cent of the maximum permissible contribution provided for in the *Income Tax Act*. Health PEI's liability is limited to its required contributions in accordance with the agreement.

8. Employee Future Benefits (continued...)

c) Pension and Other Benefits (continued...)

iii) The Public Sector Group Insurance Plan provides life insurance, long-term disability, and health and dental benefits to eligible employees of Health PEI. The Plan is administered by a multi-employer, multi-union Board of Trustees who are responsible for any unfunded liabilities of the plan. The cost of insured benefits reflected in these financial statements are the employer's portion of the insurance premiums owed for employee coverage during the period.

Health PEI contributions to these plans are expensed as incurred. The total defined contribution pension expense reflected in the compensation expense is $17,989,294 (2013 - $16,082,931). A total of $978,291 (2013 - $980,215) was contributed towards salaried physician's personal RRSP accounts and $17,011,003 (2013 - $15,102,716) was contributed towards the Civil Service Superannuation Plan.

9. Deferred Revenue

Deferred revenues set aside for specific purposes as required either by legislation, regulation, or agreement as at March 31, 2014:

	Balance, beginning of year	Receipts during year	Transferred to revenue	Balance, end of year
	$	$	$	$
Health promotion projects	97,107	24,464	97,107	24,464
Conference hosting revenues	-	19,208	-	19,208
Staff education	27,582	-	13,751	13,831
	124,689	43,672	110,858	57,503

10. Contingent Liabilities

Health PEI is subject to legal actions arising in the normal course of business. At March 31, 2014, there were a number of outstanding legal claims against Health PEI. Costs, if any, related to these outstanding claims are the responsibility of the Prince Edward Island Self Insurance and Risk Management Fund. The Fund provides general liability, errors and omissions, primary property, crime, and automobile liability insurance. The Fund is administered by the Province of Prince Edward Island and the Province is responsible for any liabilities of the Fund.

11. Tangible Capital Assets

	Land	Buildings	Equipment and Vehicles	Computer hardware and Software	Land Improvements	Buildings major improvements	2014 Total	2013 Total
	$	$	$	$	$	$	$	$
Cost								
Opening balance	1,877,240	252,194,643	99,074,401	50,682,300	1,042,390	4,444,177	409,315,151	387,358,258
Additions	-	11,184,044	7,214,031	3,669,653	83,109	861,317	23,012,154	33,140,803
Disposals	-	-	(96,000)	-	-	-	(96,000)	(11,183,910)
Closing balance	1,877,240	263,378,687	106,192,432	54,351,953	1,125,499	5,305,494	432,231,305	409,315,151
Accumulated Amortization								
Opening balance	-	63,306,806	83,131,884	20,295,577	683,560	1,545,902	168,963,729	163,598,378
Disposals	-	-	(96,000)	-	-	-	(96,000)	(10,923,888)
Amortization	-	5,040,381	6,498,665	3,767,508	76,831	485,967	15,869,352	16,289,239
Closing balance	-	68,347,187	89,534,549	24,063,085	760,391	2,031,869	184,737,081	168,963,729
Net book value	1,877,240	195,031,500	16,657,883	30,288,868	365,108	3,273,625	247,494,224	240,351,422

Cost at March 31, 2014 includes assets under construction as follows:

	2014 $	2013 $
Queen Elizabeth Hospital redevelopment	6,863,123	1,018,077
Palliative Care Centre	634,945	-
Prince Edward Home replacement	-	16,382,849
Other Buildings - Major Improvements	286,260	201,530
Other	-	209,022
	7,784,328	17,811,478

12. Contractual Obligations

	2015 $	2016 $	2017 $	2018 $	2019 $	Thereafter $
Private nursing homes	18,637,414	-	-	-	-	-
Ambulance services	7,956,223	7,956,223	7,956,223	-	-	-
IT maintenance	2,716,004	2,702,083	2,702,083	2,702,083	2,702,083	2,702,083
Maintenance contracts	1,481,546	588,922	348,111	154,602	68,480	-
Education funds	1,240,000	1,075,000	1,075,000	800,000	800,000	-
PEI Medical Society	1,378,585	-	-	-	-	-
Facility rental	195,396	-	-	-	-	-
	33,605,168	12,322,228	12,081,417	3,656,685	3,570,563	2,702,083

Health PEI has outstanding contractual commitments for capital assets relating to projects which commenced on or before March 31, 2014, and are still incomplete. It is expected that Health PEI will have to pay $5,181,819 to complete the projects.

13. Related Party Transactions

Health PEI had the following transactions with the Province of Prince Edward Island and other government controlled organizations:

	2014 $	2013 $
Transfers from the Department of Health and Wellness:		
Operating grant	565,701,700	542,717,500
Capital grant	18,114,364	27,844,472
Salary recoveries	1,203,692	1,004,971
Other sales and expenses	693,288	1,588,948
	585,713,044	573,155,891
Transfers to the Department of Health and Wellness:		
Salary reimbursements	2,324,731	2,003,531
Self-insurance premiums	1,695,781	1,481,300
Public Service Commission	566,300	566,300
Other expenses	1,768,966	1,100,356
	6,355,778	5,151,487

Included within the accounts receivable balance at year-end are $588,622 (2013 - $456,513) of transfers from the Province of Prince Edward Island. Included within the accounts payable balance at year-end are $1,467,138 (2013 - $930,394) of transfers to the Province of Prince Edward Island.

The Province of Prince Edward Island provides the use of several facilities and certain maintenance services for some of these facilities at no cost to Health PEI. Health PEI is responsible for most operational and maintenance costs related to these facilities.

14. Fees - Patient and Client

	2014 $	2013 $
Continuing Care resident fees	11,939,123	11,782,939
Hospital medical services:		
Non-residents	4,070,140	4,149,662
Uninsured hospital services - workers compensation	2,093,361	2,298,564
Other uninsured hospital services	1,597,199	1,454,700
Hospital preferred room accommodations	395,967	445,812
Other	29,217	38,282
	20,125,007	20,169,959

15. Annual Surplus

Throughout the fiscal year, Health PEI regularly communicates with the Department of Health and Wellness and the Department of Finance, Energy and Municipal Affairs on the expected operational results for the year and action plans developed to address potential deficits.

16. Designated Assets

At March 31, 2014, the balance of funds held as designated assets was $672,954 (2013 - $597,321). Designated assets consist of funds received as donations by a health facility or program that are restricted for the purchase of equipment, supplies, and/or other needs of the specific facility or program.

17. Trusts Under Administration

At March 31, 2014, the balance of funds held in trust for residents of facilities in Continuing Care was $691,644 (2013 - $584,839). These trusts consist of a monthly comfort allowance provided to Continuing Care residents who qualify for subsidization of resident fees. These amounts are not included in the statement of financial position.

18. Budgeted Figures

Budgeted figures have been provided for comparative purposes and have been derived from the estimates approved by the Legislative Assembly of the Province of Prince Edward Island.

Subsequent to the tabling of the 2013 P.E.I. Estimates of Revenue and Expenditures, Health PEI reallocated responsibilities for certain budget amounts among its divisions. The following table shows the reallocation of the original approved budget.

18. Budgeted Figures (continued...)

	Original Approved Budget	Transfers Between Divisions	Budget - Statement of Operation
	$	$	$
Revenues			
Grants – Dept. of Health and Wellness	565,701,700	-	565,701,700
Capital grants - Dept. of Health and Wellness	12,842,100	-	12,842,100
Other capital contributions	4,877,600	-	4,877,600
Fees - patient and client	18,703,800	753,100	19,456,900
Food services	1,340,600	17,600	1,358,200
Federal revenues	449,900	-	449,900
Sales	1,031,700	7,200	1,038,900
Other	2,039,700	(500)	2,039,200
	606,987,100	777,400	607,764,500
Expenses			
Community Hospitals	22,583,500	(1,341,600)	21,241,900
Acute Care	153,868,800	(338,100)	153,530,700
Addiction Services	10,921,000	(68,700)	10,852,300
Acute Mental Health	17,329,800	207,500	17,537,300
Community Mental Health	7,874,900	108,200	7,983,100
Continuing Care	58,607,900	1,452,600	60,060,500
Private Nursing Home Subsidies	19,252,600	402,400	19,655,000
Public and Dental Health	10,035,300	24,200	10,059,500
Provincial Pharmacare Programs	35,369,600	579,800	35,949,400
Home Care and Support	21,511,600	(348,400)	21,163,200
Provincial Laboratory and Diagnostic Imaging	28,781,300	(168,400)	28,612,900
Provincial Hospital Pharmacies	5,097,900	40,300	5,138,200
Emergency Health Services	14,855,300	(110,500)	14,744,800
Corporate and Support Services	25,008,900	(94,100)	24,914,800
Medical Programs - In Province	146,334,500	(44,763,400)	101,571,100
Medical Programs - Out of Province	-	45,366,700	45,366,700
Primary Care	11,834,500	(171,100)	11,663,400
	589,267,400	777,400	590,044,800
Annual Surplus	17,719,700	-	17,719,700

19. Expenses by Type

The following is a summary of expenses by type:

	Compensation $	Supplies $	Sundry $	Equipment $	Contracted Out Services $	Building and Grounds $	2014 Total $
Community Hospitals	16,348,436	3,292,917	413,186	177,923	308,883	335,566	20,876,911
Acute Care	110,443,860	34,875,557	2,460,115	4,507,120	1,729,613	1,190,284	155,206,549
Addiction Services	8,693,377	622,369	452,691	38,736	169,939	93,449	10,070,563
Acute Mental Health	15,316,556	1,478,054	184,196	140,447	176,434	211,962	17,507,649
Community Mental Health	7,249,260	42,832	218,362	8,162	33,792	-	7,552,408
Continuing Care	53,868,115	5,954,471	680,219	414,136	349,569	896,006	62,162,516
Private Nursing Home Subsidies	-	-	18,737,257	-	-	-	18,737,257
Public and Dental Health	8,371,328	225,817	388,140	21,570	577,103	24,440	9,608,398
Provincial Pharmacare Programs	1,141,174	87,126	32,801,250	5,085	869,556	-	34,904,191
Home Care and Support	16,498,030	2,602,506	1,013,801	165,049	18,488	10,530	20,308,404
Provincial Laboratory and Diagnostic Imaging	18,221,724	9,782,030	368,249	61,730	819,531	-	29,253,264
Provincial Hospital Pharmacies	4,821,187	104,068	39,568	2,005	-	18,962	4,985,790
Emergency Health Services	282,977	9,341	12,262,069	-	1,625,194	-	14,179,581
Corporate and Support Services	16,340,782	2,078,003	2,942,641	1,159,849	619,820	2,126	23,143,221
Medical Programs - In Province	93,948,628	61,132	3,099,811	681	6,374,679	132	103,485,063
Medical Programs - Out of Province	422,775	2,978	125,189	11,656	46,229,555	-	46,792,153
Primary Care	9,141,075	459,566	548,408	76,492	78,625	128,878	10,433,044
	381,129,284	61,678,767	76,735,152	6,790,643	59,980,781	2,912,335	589,226,962

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